



UNDP Green Commodities Programme National Commodity Platforms Phase II – UNDP GCP II (Palm Oil)

Country/region
Global
(Indonesia,
Peru)

Executing agency
United Nations
Development
Programme
(UNDP)

Project duration
2018-2021

Total budget
USD 4,900,000

SECO contribution
USD 2,000,000

Rationale



Palm Oil farmer harvesting oil palm fruit (© UNDP)

Indonesia is the world's largest producer and exporter of crude palm oil (CPO), a crucial component of the nation's and other consuming countries' food security. Palm oil exports are an important aspect of Indonesia's national economic growth strategy. The industry is anticipated to generate around US\$ 15 billion in foreign exchange revenues each year and contributes to the creation of up to 16 million jobs in Indonesia, including in many rural and underdeveloped parts of the archipelago. The palm oil industry has faced significant environmental and social challenges during its development and

production activities, which the government and industry are currently striving to address in order to make the sector more sustainable and equitable for the country.

In 2009, UNDP established the Green Commodities Programme (GCP) to help countries mainstream sustainable commodity production by improving the enabling environment. GCP works to achieve this in partnership with governments, companies, producers, civil society, research institutions, aid agencies and other stakeholders. GCP focuses on commodity sectors with large environmental and social footprints, and particularly on sectors that are major drivers of deforestation. Through UNDP CGP work, the Government of Indonesia was supported to set up the Indonesia Palm Oil Platform (InPOP) and launch its Sustainable Palm Oil Platform (known as FoKSBI) in 2014. Since then, and following the development of the National Action Plan on Sustainable Palm Oil (NAP SPO), leadership and coordination to address the barriers limiting the industry's sustainability have strengthened.

Objectives and activities

The objective of the second phase is to contribute to building long-term sustainability of multi-stakeholder engagement in the national commodities platform process. GCP II is shifting its focus from stakeholder dialogues (phase I) to coordinating multi-stakeholder actions to implement and monitor the NAP SPO in Indonesia and to sharing successful practices for replication in other agro-commodity sectors around the world. In addition to enhancing the GCP Community, the second phase continues to structure the programme around country-specific goals. With support from the programme, it is expected that all main stakeholder groups will work together to implement the NAP, which will be led and supervised by a nationally owned structure.

GCP II serves as a means for numerous palm oil stakeholders including the government, private sector and civil society organizations to identify concerns and solutions for long-term sustainability. These include smallholder capacity building, environmental integrity, governance and dispute resolution, as well as the strengthening of the Indonesian Sustainable Palm Oil (ISPO) certification system. ISPO is a national sustainable palm oil certification scheme managed by the Ministry of Agriculture that will be mandatory for all palm oil plantations in Indonesia by 2022. GCP II also seek to strengthen its work by increasing understanding about other relevant international sustainability certification scheme, such as the Roundtable on Sustainable Palm Oil (RSPO).

Governance Structure

The project is overseen by a Project Steering Committee (PSC) that made up of representatives from UNDP and SECO, which meets once a year to monitor progress and make strategic decisions for the upcoming year. Both Peru and Indonesia the national commodity platform (FoKSBI for Indonesia) are included as parts of the project. The platforms each have their own governance structure because they are based on nationally anchored processes.

Result to date

Marking the end of its first-year implementation, with the issuance of formal Presidential Instruction (*Inpres*) on NAP SPO legalization, GCP II has already made a significant breakthrough in 2019. NAP SPO, which is expected to be a reference document for the SPO implementation, outlines the steps that all stakeholders must do to address the root causes and challenges faced by Indonesian palm oil sector. 1) To improve data and infrastructure and enhance coordination; 2) to improve farmer's capacity and capability; 3) to manage and protect the environment; 4) to implement plantation management and dispute settlement; and 5) to support acceleration of certification of ISPO and to improve market access for palm oil products, are among the *Inpres* mandates. The NAP SPO was also incorporated into Indonesia's new Mid-Term National Development Plan, which would be implemented from 2020 to 2024.

Following series of processes involving intensive facilitation and coordination with the Indonesian government and other palm oil stakeholders, which successfully led to the *Inpres*, GCP II has adjusted its course to support the implementation of the NAP SPO. Considering the ambitious target of the NAP to achieve sustainable palm oil by 2024, it is key to support and accelerate the implementation of this government-led multi-stakeholder collaboration. In this context, GCP II continues to work closely with relevant stakeholders since the beginning of 2020 in order to ensure solid transition to NAP SPO implementation. GCP II also has been convening and organizing collaborative action, in order to identify NAP SPO activities that are already under implementation by different stakeholders. Furthermore, the programme has facilitated coordination with a range of other government institutions which the NAP SPO required to incorporate activities into their 2020 work plans and budgets.

As 2020 presented the challenges of COVID-19 all over the world, it undoubtedly also affected the implementation of project activities in Indonesia. At the same time however, it allowed the programme to re-confirm the commitment and willingness of the national and local institutions and producers to move the palm oil sector forward. By the end of the program phase, GCP II is projected to be able to step up its work to strengthen consensus among stakeholders, both nationally and globally, for future actions in Indonesian palm oil sector.